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US PROSPECTS IN LIBYA OVER THE NEXT FEW YEARS

Submitted by the

DIRECTOR OF CENTRAL INTELLIGENCE

The following intelligence organizations participated in the preparation of this estimate: The Central Intelligence Agency and the intelligence organizations of the Departments of State, the Army, the Navy, the Air Force, and The Joint Staff.

Concurred in by the

INTELLIGENCE ADVISORY COMMITTEE

on 7 May 1957. Concurring were the Special Assistant, Intelligence, Department of State; the Assistant Chief of Staff, Intelligence, Department of the Army; the Director of Naval Intelligence; the Director of Intelligence, USAF; and the Deputy Director for Intelligence, The Joint Staff. The Atomic Energy Commission Representative to the IAC, and the Assistant Director, Federal Bureau of Investigation, abstained, the subject being outside of their jurisdiction.

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US PROSPECTS IN LIBYA OVER THE NEXT FEW YEARS [1]

THE PROBLEM

To reassess probable trends in Libya's orientation and stability over the next few years, particularly in the light of the forthcoming reduction of British subsidies and forces, and the impact of these trends on US interests, especially base rights.

CONCLUSIONS

1. The forthcoming reduction in British commitments will mark the near elimination of the once paramount British position in Libya and thus greatly increase the relative importance of the US role. *(Para. 13)*

2. While Libya's political stability will almost certainly remain somewhat precarious and various officials may be replaced, the general stability of the country and its basically pro-US orientation are likely to be maintained over the next few years, provided that: (a) the US continues to provide needed financial assistance, including aid to offset the prospective reduction in British subsidies; and (b) King Idriss remains active as head of the government. *(Paras. 14, 17)*

3. Under these circumstances, we foresee no significant move to reduce or terminate US base rights, although Libya will try to avoid being out of step with prevalent Arab League policy and will continue sensitive to Egyptian influences. Serious threats to the physical security of the bases are unlikely to arise during the next year or two, though Egypt will probably continue to have at least limited capabilities for organizing sabotage attempts and fomenting disorder. *(Paras. 15, 19–20)*

4. The Libyans will almost certainly make continuing efforts to raise the price of their cooperation with the US. Should US aid proposals fall substantially below their expectations, they would probably seek to revive US concern that Libya would turn to Egypt and the USSR,

[1] This estimate supplements the basic assessment of Libya contained in NIE 36.5–56, "The Outlook for US Interests in Libya," 19 June 1956.

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though they would probably not accept substantial assistance from these countries unless they concluded that US aid would be wholly inadequate. *(Para. 14)*

5. Stability and the future of the US base position would be less certain in the event of the 67-year-old king's death or incapacity. In this event there would probably be a struggle for power. While there is at least an even chance that control would pass to elements favoring the US connection, such a struggle would provide Egypt and the USSR with increased opportunities for exerting influence. In any event, there would probably be a weakening of Libya's cohesion and stability and possibly a breakdown of government authority which would tempt foreign powers to intervene. *(Paras. 18, 21)*

DISCUSSION

6. The kingdom of Libya is of strategic value to the West by virtue of its position athwart North Africa and Mediterranean communications lines and even more because of the important military bases and operating rights on Libyan territory. After five years of independence, Libya remains a weak and essentially artificial political entity which lacks any real national cohesiveness and is heavily dependent on foreign subsidies. Libya requires outside aid, not only for support of such limited economic development as its sparse resources permit, but even for procurement of essential imports, including foodstuffs, and the maintenance of normal governmental functions.[2] While recent oil strikes in nearby areas of Algeria have raised hopes that exploratory operations being conducted in Libya will prove successful, the country's oil prospects are unpredictable. In 1955, Libya's export earnings covered only about 30 percent of its imports. The balance was made up by US and UK grants and local spending. Libya now faces serious problems as a result of the forthcoming reduction of British subsidies and withdrawal of troops.

FOREIGN POLICY ORIENTATION

7. Libya has in general cooperated with the US and UK and has recognized its continuing dependence on its Western sponsors by granting them extensive base rights. Under a 20-year mutual defense treaty signed in 1953, the UK maintains 7,800 troops in Cyrenaica and Tripolitania and controls Idriss Field near Tripoli, El Adem near Tobruk and other important air facilities. The US occupies Wheelus Field under a 1954 base agreement extending to 24 December 1970. This field, first occupied in World War II and since 1956 the headquarters of the 17th Air Force, is an important SAC base.[3] Additional military rights have been obtained and others are in prospect. French forces in the Fezzan were withdrawn in 1956.

8. At the same time Libya has sought to identify itself with the other Arab states and has joined them in differing with the US and UK on such issues as Algeria, Israel, and the Palestinian refugees. Libya has until recently followed the Egyptian lead in Arab League affairs and other regional matters. In addition, Libya established diplomatic relations with the USSR in September 1955. Prime Minister Ben Halim, at US urging, finally turned down subsequent Soviet offers of aid. He also let it be known that he had received Egyptian aid offers. He took advantage of the situation to press for additional assistance from the US.

[2] For details, see Annex, "The Libyan Economy."

[3] See map indicating major air installations in Libya.

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9. During the last few months, the Libyan government has become markedly cooler toward Nasser and more openly aligned with the US. During the Suez crisis the Libyans expelled the Egyptian military attache, who had made blatant efforts to organize sabotage attempts against British bases and had been engaging in other subversive activities which Libyan officials believed to be directed at the overthrow of the government. However, the Libyans supported Egypt and specifically forbade British use of Libyan bases for operations against Nasser. Since then Ben Halim has publicly supported the US, endorsed the American Doctrine, and become increasingly critical of Nasser in private. He has also supported the idea of a generally moderate and anti-Nasser bloc of North African nations. Libya signed a treaty of friendship with Tunisia in January 1957. Libya has also shown some recent interest in reviving its ties with Turkey and with Iraq which have in the past supplied successive commanders-in-chief for Libya's 1,850 man army. An Iraqi officer is now an adviser to the Minister of Defense.

10. Nevertheless, Egyptian influences in Libya are strong. Egypt retains a dominant cultural influence. The continued presence in Libya of about 500 Egyptian teachers, as well as a number of judges and administrators — all partly supported by Egyptian subsidies — gives Nasser substantial opportunities for anti-Western propaganda activities, particularly among the younger generation. (Libya is trying with US assistance to replace the Egyptian teachers.) Cairo Radio is the principal source of news for most Libyans, though the Libyan government is now building a station of its own. Nasser's picture continues to be displayed in Libyan cities and towns and well-organized pro-Nasser demonstrations were staged in Tripoli during King Saud's recent visit. Many prominent Libyans, including the king and Ben Halim, have property and other ties in Egypt.

11. The activities of Soviet officials in Libya appear to be confined largely to normal diplomatic duties and limited public relations and good will activities. Although there is no firm evidence of direct Soviet subversive activities, the Soviet mission maintains close contacts with the Egyptians and presumably provides them with encouragement and support.

12. As part of Britain's recent general reassessment of defense assets and programs, the UK has decided to reduce the forces stationed in Libya and has so informed the Libyans, though only in general terms. This decision was probably influenced in some degree by Libya's objections to use of these bases against Egypt during the Suez crisis. The British will continue their present annual subsidies of £ 4 million ($11.2 million) through March 1958 and in addition expect to make a single cash payment of £ 0.5 million ($1.4 million) in place of their commitment to expand the Libyan army. Their present plans — not yet communicated in detail to the Libyans — call for a subsequent scaling down of subsidies to £ 1.25 million ($3.5 million) for the next five years.[4] Although details are not firm, the British expect to reduce their present troop strength of 7,800 to about 2,000 men by the spring of 1958. The British may eventually have no more than 1,000 men stationed in Libya. However, they retain all their rights under the treaty.

13. Although this withdrawal of British troops will satisfy a demand frequently voiced by some Libyans, it will also have adverse effects on the economy, which currently obtains an estimated $8 million a year in foreign exchange from British military spending over and above British payments to the Libyan treasury. The forthcoming reduction of British commitments in Libya will also mark the near elimination of the once paramount British political and military position and thus greatly increase the relative importance of the US role. In addition, this troop reduction would remove a potential source of help in maintaining internal security (including protection of US personnel) in event of emergency.

14. Libya will look to the US to make up the decrease of British subsidies, and the British

[4] For further details, see Table I of Annex, "The Libyan Economy," and footnote, paragraph 16.

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have told the Libyans that they are confident that the US will consider sympathetically the possibility of helping to bridge the gap. In fact, the Libyans will probably ask for more than replacement of the British subsidies. While the Libyans voiced strong disappointment over the $4.5 million aid originally offered by the Richards mission, they expressed at least temporary satisfaction when the offer was increased to $7.02 million. However, should US aid proposals fall substantially short of Libyan expectations, the Libyans would probably seek to revive US concern that they would turn to Egypt and the USSR for aid. It is unlikely that they would actually accept substantial aid from these nations unless they concluded that US aid would be wholly inadequate. Despite their desire to obtain as much outside aid as possible, Libyan leaders would probably be reluctant to become dependent on Egypt and the USSR because of uncertainty about the continuing reliability of such financial support and fear of increased Egyptian and Soviet influence within Libya. However, they might accept lesser amounts from these countries if they believed they could do so without jeopardizing US financial support. Should the US replace none of the British subsidies, and even more if the US should drastically reduce its current level of aid, the Libyans would be in severe financial straits and almost certainly seek assistance wherever they could find it.

15. Even if US aid satisfies its expectations, Libya's willingness to go along with the US in Middle East matters will continue to be tempered by its desire to avoid being out of step with Arab League policy and by the continuing sensitivity of both the government and the urban population to Egyptian influences. Accordingly, Libya's policies in the Middle East are likely to be influenced considerably by the state of Nasser's fortunes and by the extent to which Egyptian maneuvers in Libya continue to arouse Libyan fear and resentment.

INTERNAL STABILITY

16. King Idriss, 67-year-old head of the Sanusi brotherhood and Emir of Cyrenaica, remains the center of power and the primary stabilizing and unifying factor in Libya. Although Libya is nominally a constitutional monarchy, with parliamentary government and an independent judiciary, political life still centers upon personalities. There are no established political parties. Idriss' exercise of power on the national level has frequently been erratic because of his tendency to become preoccupied with personal, family, and Cyrenaican affairs. There have been various indications that Prime Minister Ben Halim had hoped to increase his personal power, notably by centralizing authority in the federal government and making the federal army, which he controls, more powerful than the provincial forces.[5] Idriss, who is strongly suspicious of Egypt and the USSR and anxious to preserve the US tie, has taken a more active leadership role since the summer of 1956. He personally ordered the expulsion of the Egyptian military attache in November and has almost certainly been basically responsible for the general shift in Libyan policy away from Egypt, even though Ben Halim has sought to gain credit for it.

17. The situation in Libya, like that in most other Arab states, is almost certain to be somewhat precarious during the coming period. Nevertheless, we believe that as long as the king remains active and head of the government, the general stability of the country and its basically pro-US orientation are likely

[5] The Libyan federal army now numbers 1,850. In July of 1956, the British committed themselves to supporting an expansion of the federal army. The British propose to withdraw from this commitment and are expected instead to make a cash payment of $1.4 million in FY 1958. The US is negotiating a Military Assistance Program agreement with Libya, and is committed to equipping an additional 1,000 men for the federal army. In the course of their discussion with the British, the Libyans have indicated that they want a 5,000, and eventually possibly a 10,000 man army. The federal army is overshadowed by the well-trained and disciplined Tripolitanian and Cyrenaican police forces organized by the British and still having a few British officers. The Tripolitanian force is estimated at 3,100, although only 1,800 are ready for field service. The Cyrenaican force numbers about 2,300 officers and men. The Fezzan also has a small police force estimated at 300-400 men.

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to be maintained. Ben Halim, who is disliked by many political leaders, may soon be dismissed as a result of evidence of personal corruption recently brought to the king's attention. In such an event, the king would probably replace him with a supporter of his own policies. While Egyptian-inspired elements have some capacity to embarrass the government through demonstrations, the British-trained police have demonstrated their capability of maintaining order. There is little likelihood that popular pressures would seriously curtail the government's freedom of action, except in the context of serious external developments shaking the Arab world.

18. The death or incapacity of the king, however, would probably pose serious threats to stability in view of the disparate interests of the two major provinces of Cyrenaica and Tripolitania and the lack of a firmly established succession. Lacking sons of his own, the king has recently designated an obscure 28-year-old nephew, Hasan al-Rida, as his heir. However, potential challengers abound within the king's family, and the king's death would probably be followed by a confused struggle for power in which members of various prominent families in the country, political leaders such as Ben Halim, and the Egyptians would attempt to control the government. In any event there would probably be a weakening of Libya's cohesion and stability, and, possibly, a breakdown of government authority, which would tempt foreign powers to intervene.

OUTLOOK FOR THE US BASE POSITION

19. We foresee no significant move to reduce or terminate US base rights in Libya so long as King Idriss remains in power. The Libyans will almost certainly make continuing efforts to raise the price. Situations might arise in which the Libyan government would feel constrained to adopt a more conciliatory attitude toward Egypt and the USSR and to place additional restrictions on US activities so as to demonstrate Libya's independence of the US. However, the king [recognizes Libya's fundamental dependence on US good will and support. He] will almost certainly bar any official interference with the use of the bases against a Soviet threat. However, he would probably protest against, and might attempt to prevent, the use of the bases in connection with military action against an Arab state friendly to Libya.

20. Serious threats to the local security of the bases are unlikely to arise within the next year or two, since internal opposition to them is not widespread and the provincial police and federal army will probably remain capable of maintaining order under most circumstances. However, Egypt will almost certainly continue to have at least limited capabilities for organizing sabotage attempts and fomenting disorder, and some possibility of action against US military installations will remain so long as present tensions in the Middle East continue.

21. In the event of the king's death or incapacity, the future of the US base position would be less certain. There is at least an even chance that control of the government would remain with elements which share the king's recognition of Libya's need for US support. However, one or more of the competing factions in the struggle for power would probably be willing to accept support from Egypt or the USSR, thereby providing increased opportunities for undermining US interests. Even if control continues in the hands of elements desirous of maintaining the US connection, there would probably be a weakening of Libya's cohesion and stability which would pose increased hazards to the future of the US base position.

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ANNEX

THE LIBYAN ECONOMY

Libya is an extremely poor country. Over 90 percent of the total area is desert and less than one-half of one percent is under settled cultivation. Sizable grain imports are necessary except in unusually good years. Even then, the country's exports pay for less than one-third of its imports. The government depends on foreign subsidies for half its ordinary expenditures and all its small development.

The great bulk of foreign aid has been supplied by the UK and the US. London has been contributing $10.5 million annually under the terms of the Libyan-UK treaty of 1953. This amount was increased in 1956 to $11.2 million. This commitment ends on 31 March 1958, and the UK is expected to reduce its grants at that time to $3.5 million and to cease most of its collateral spending for local procurement. These reductions will pose serious financial problems for Libya. In conjunction with the 1954 US-Libyan base agreement, the US promised aid payments which will total $40 million. This is being paid at the rate of $4 million a year through 1960 and will be continued at $1 million a year thereafter until 1971. Under a commitment to give "sympathetic consideration" to Libyan development needs, the US is supplying substantial additional funds under the foreign aid and technical assistance programs, and US aid from FY 1954 through FY 1957 will total about $64 million. Since 1955, US aid has been greater than that of the British. In April 1956 the US agreed to equip an additional 1,000 men for the Libyan Army at an estimated cost of $1.7 million.

France contributed a total of $2.5 million to Libya and the UN about $3 million during the period 1952–1955. Italy and Turkey have also made small contributions, and Egypt began in 1954 a subsidy to Egyptian teachers, technicians, and other personnel employed by the Libyan government which is estimated at $840,000 annually.

The following tables show: (a) US and UK assistance to Libya for 1954 projected through 1959, and (b) Libya's balance of payments for 1954 and 1955.

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TABLE I

US AND UK ASSISTANCE TO LIBYA, FY 1956–FY 1959 [a]
(in millions of US dollars)

	FY 1954		FY 1955		FY 1956	
	US	UK	US	UK	US	UK
Budget support	—	7.700	—	7.700	—	7.700
Economic development [b]	5.000	2.800	7.000	2.800	9.000	2.800
Technical assistance	1.493	—	1.654	—	2.000	—
Relief wheat [c]	.606	—	3.689	—	4.022	—
Military equipment	—	—	—	—	—	—
TOTAL	7.099	10.500	12.343	10.500	15.022	10.500

	FY 1957		FY 1958 [d]		FY 1959 [d]	
	US	UK	US	UK	US	UK
Budget support	—	8.400	—	8.400 [e]	*na*	3.500 [f]
Economic development [b]	20.900 [g]	2.800	11.000	2.800	*na*	—
Technical assistance	2.400	—	2.600	—	*na*	—
Relief wheat [c]	4.520 [d]	—	*na*	—	*na*	—
Military equipment	1.700	—	*na*	—	*na*	—
TOTAL	29.520	11.200	13.600	11.200	*na*	3.500

[a] UK fiscal year: April 1 – March 31. US fiscal year: July 1 – June 30.

[b] US grants for economic development include annual payments for military base rights and grants from US foreign aid funds.

[c] CCC price plus transport costs.

[d] Proposed.

[e] Will probably be $1.4 million higher as the British have agreed to a cash payment in place of their commitment, made in July 1956, to expand the Libyan Army.

[f] May be $1.925 million higher if Britain agrees to extend assistance at the old rate for an additional quarter year; part of the total may be allocated to economic development to complete projects already begun.

[g] Includes $2.5 million for Tripoli power plant;
$7.02 million special aid offered by the Richards mission, and
$380,000 to replace Egyptian teachers.

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TABLE II

BALANCE OF PAYMENTS, 1954 and 1955
(in millions of US dollars)

	1954	1955
Exports f.o.b.	9.741	12.152
Imports c.i.f.	—31.601	—39.990
Balance	—21.860	—27.838
Other current transactions	— 7.098	— 5.278
Total	—28.958	—33.116
US military expenditures	8.178	8.081
UK military expenditures	7.258	9.066
UK grants *	10.500	10.500
US grants *	1.000	10.999
Other grants	.795	.238
US technical assistance *	1.425	1.394
UN technical assistance	.540	.420
Capital movements	— 3.746	— 9.195
Errors and omissions	3.018	1.613
Total	28.958	33.116

* Figures are for amounts actually received during the calendar year, and may thus not agree with amounts given for the US or UK fiscal year.

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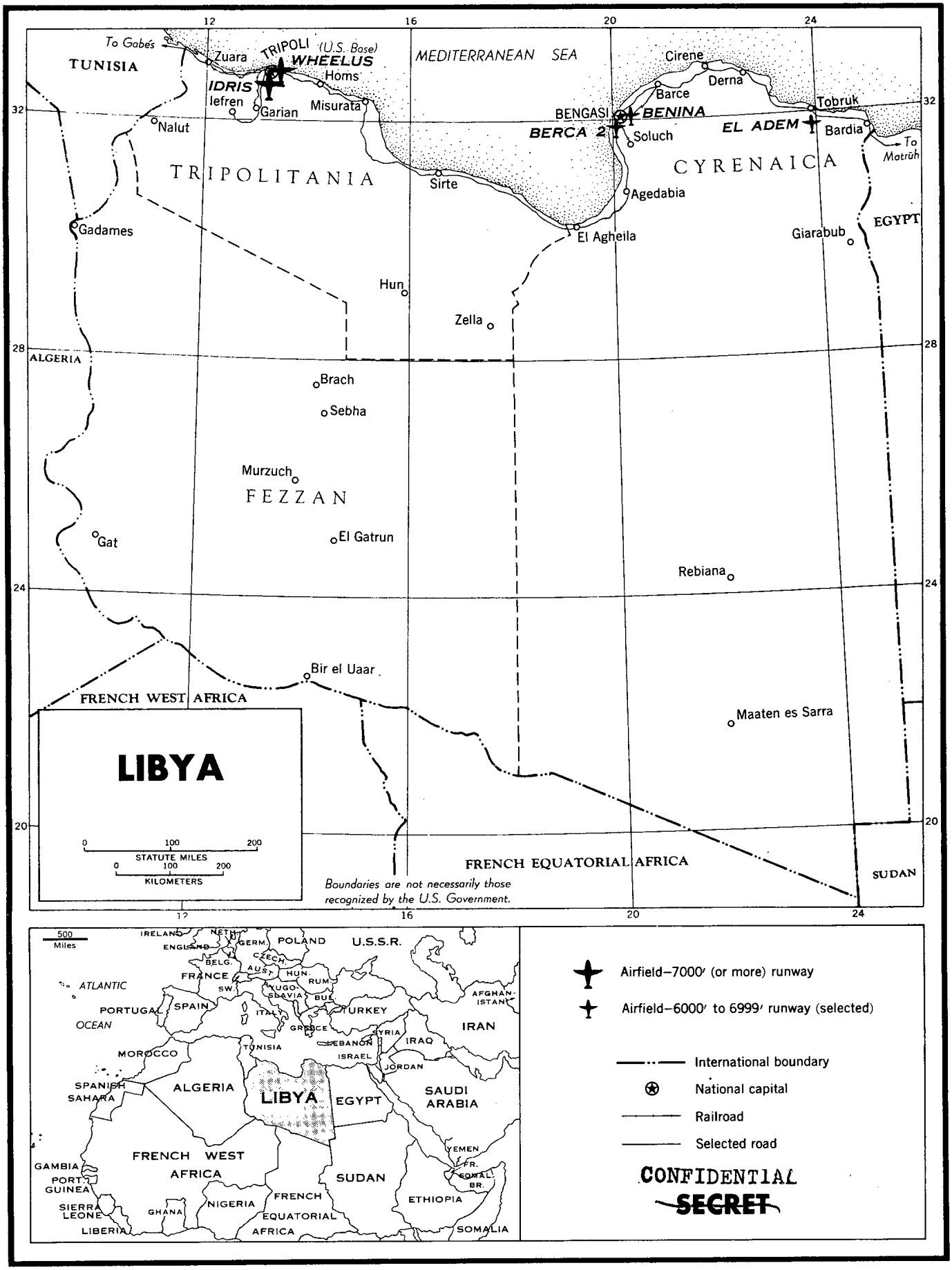

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